

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO


Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	



Charter Township of West Bloomfield Oakland County, Michigan

**Financial Report
with Supplemental Information
December 31, 2006**

Charter Township of West Bloomfield

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Independent Auditor's Report

To the Board of Trustees
Charter Township of West Bloomfield
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Trustees
Charter Township of West Bloomfield

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2007 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moreau, PLLC

June 6, 2007

Charter Township of West Bloomfield

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of West Bloomfield's financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2006. Please read this in conjunction with the Township's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements, by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The governmental activities represent all activities of the Township other than its Water and Sewer Fund (reported as business-type activities) and its fiduciary activities (funds held for the benefit of others, such as pension assets and retiree health care assets held for the payment of future employee benefits). The following table shows, in a condensed format, the net assets of the governmental activities as of December 31, 2006, and changes in net assets, compared to the prior year:

	2004	2005	2006	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 23,680,233	\$ 24,077,625	\$ 27,254,434	\$ 3,176,809	13.2
Other assets	47,138,307	47,009,734	49,257,041	2,247,307	4.8
Total assets	70,818,540	71,087,359	76,511,475	5,424,116	7.6
Liabilities					
Long-term liabilities	9,637,026	8,400,779	9,264,405	863,626	10.3
Unearned revenue	23,659,240	25,897,069	27,151,859	1,254,790	4.8
Other liabilities	3,926,494	3,351,977	3,403,985	52,008	1.6
Total liabilities	37,222,760	37,649,825	39,820,249	2,170,424	5.8

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2004	2005	2006	Current Year	
				Change	Percent
Net Assets					
Invested in capital assets -					
Net of related debt	\$ 22,420,233	\$ 23,242,625	\$ 23,803,043	\$ 560,418	2.4
Restricted	4,940,811	5,582,619	6,453,882	871,263	15.6
Unrestricted	6,234,736	4,612,294	6,434,301	1,822,007	39.5
 Total net assets	\$ 33,595,780	\$ 33,437,538	\$ 36,691,226	\$ 3,253,688	9.7
	2004	2005	2006	Current Year	
				Change	Percent
Change in Net Assets					
Revenue:					
Program revenue:					
Charges for services	\$ 4,515,191	\$ 4,286,876	\$ 6,488,373	2,201,497	51.4
Operating grants and contributions	637,335	1,861,038	1,767,263	(93,775)	(5.0)
Capital grants and contributions	118,870	457,645	224,072	(233,573)	(51.0)
General revenue:					
Property taxes	22,939,630	23,562,790	25,841,350	2,278,560	9.7
State-shared revenue	4,962,568	4,917,038	4,868,862	(48,176)	(1.0)
Investment earnings	409,834	943,275	1,546,906	603,631	64.0
Franchise fees	745,615	781,117	854,977	73,860	9.5
Cell tower lease	234,275	248,727	248,265	(462)	(0.2)
Other revenue	18,063	74,854	39,999	(34,855)	(46.6)
 Total revenue	34,581,381	37,133,360	41,880,067	4,746,707	12.8
 Program expenses:					
General government	5,519,533	6,574,640	8,803,308	2,228,668	33.9
District Court	1,212,563	1,158,286	917,012	(241,274)	(20.8)
Public safety	23,569,519	26,308,171	26,319,618	11,447	-
Public works	1,340,490	1,214,226	423,261	(790,965)	(65.1)
Community and economic development	1,208,657	1,199,151	1,439,126	239,975	20.0
Recreation and culture	302,785	431,925	363,464	(68,461)	(15.9)
Interest on long-term debt	462,891	396,232	360,590	(35,642)	(9.0)
 Total program expenses	33,616,438	37,282,631	38,626,379	1,343,748	3.6
 Excess of Revenue Over (Under) Expenses	964,943	(149,271)	3,253,688	3,402,959	2,279.7
 Transfers	(7,390)	(8,971)	-	8,971	100.0
 Change in Net Assets	\$ 957,553	\$ (158,242)	\$ 3,253,688	3,411,930	2,156.1

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

The Township's governmental net assets increased approximately \$3,254,000 from a year ago - from \$33.4 million to \$36.7 million. As discussed below, this is attributable primarily to the Township successfully reducing costs, improved investment earnings, increased fees for services, and additional tax revenue. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) increased by approximately \$1.8 million. This is generally consistent with the increase in investment earnings, property tax revenue, and charge for services.

The current level of unrestricted net assets for our governmental activities stands at approximately \$6.4 million, or about 19 percent of general revenues (excluding any extraordinary items).

During 2002, the Township's voters approved an extension of the Township's special-voted millage for police and fire services, as well as an increase in the amount of the levy from 1.90 mills to 3.22 mills. As a result of this millage, the Township has increased its police and fire staffing levels, improved the police department facility, and built fire station number 5. In addition, effective July 1, 2003, the Township began a joint venture with the cities of Keego Harbor, Orchard Lake Village, and Sylvan Lake that will provide substantially increased services to the Township's northeast section. This joint venture has been a significant component of the increased costs of the Public Safety Fund.

In 2005, the Township began transporting all patients from EMS runs to hospitals and billing them. This generated revenue of \$1,000,000 in 2006, and the same is budgeted for 2007.

General government expenses were increased significantly by approximately 3.6 percent during 2006. Most of the increase is attributable to salary and benefit increases.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. The following table shows, in a condensed format, the net assets of the business-type activities as of December 31, 2006 and changes in net assets compared to the prior year:

	2004	2005	2006	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 96,492,376	\$ 96,526,343	\$ 96,749,612	\$ 223,269	0.2
Other assets	19,489,388	20,949,878	23,061,981	2,112,103	10.1
Total assets	115,981,764	117,476,221	119,811,593	2,335,372	2.0
Liabilities					
Long-term liabilities	1,853,605	1,463,828	1,011,182	(452,646)	(30.9)
Other liabilities	2,762,243	2,611,166	2,940,132	328,966	12.6
Total liabilities	4,615,848	4,074,994	3,951,314	(123,680)	(3.0)
Net Assets					
Invested in capital assets - Net of related debt	94,240,241	94,672,738	95,285,784	613,046	0.6
Restricted	12,422,441	12,215,713	12,454,775	239,062	2.0
Unrestricted	4,703,234	6,512,776	8,119,720	1,606,944	24.7
Total net assets	<u>\$ 111,365,916</u>	<u>\$ 113,401,227</u>	<u>\$ 115,860,279</u>	<u>\$ 2,459,052</u>	2.2
Changes in Net Assets					
Charges for services	\$ 16,206,985	\$ 19,496,184	\$ 19,533,380	\$ 37,196	0.2
Operating expenses exclusive of depreciation	15,759,697	17,714,539	16,980,782	(733,757)	(4.1)
Depreciation	1,959,640	1,973,441	2,054,844	81,403	4.1
Operating (Loss) Income	(1,512,352)	(191,796)	497,754	689,550	(359.5)
Nonoperating income	207,450	381,185	701,989	320,804	84.2
Capital contributions	694,321	1,226,046	1,259,309	33,263	2.7
Interfund transfers	7,390	8,971	-	(8,971)	(100.0)
Change in Net Assets	<u>\$ (603,191)</u>	<u>\$ 1,424,406</u>	<u>\$ 2,459,052</u>	<u>\$ 1,034,646</u>	72.6

Business-type net assets (the Water and Sewer Fund) increased approximately \$2.5 million from the prior year. The unrestricted portion of net assets is approximately \$9.5 million, which is approximately \$3.0 million more than last year, and equal to the target set by the Township to operate the system efficiently. As discussed below, this is the result of higher usage, net of increased costs during the 2006 fiscal year.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Usage fees were increased in 2006, consistent with increases from the Detroit Water and Sewer system. During 2006, water usage decreased approximately 9 percent. Most of this was attributable to wet weather patterns and a decreased water loss. As a result, the water and sewer system experienced operating income of approximately \$498,000; however, before depreciation, there was a surplus of \$2.5 million (consistent with the increase in unrestricted assets of \$2.9 million).

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2006 include the General Fund and the Public Safety Fund.

The General Fund pays for most of the Township's governmental services. The most significant are police and fire, followed by general government, building inspections, and the District Court. The police and fire costs are paid from a combination of the General Fund and the Public Safety Fund. This latter fund accounts for proceeds of a special public safety millage and is used solely to pay for facilities, equipment, and increased staffing since the initial millage was enacted.

The General Fund is supported primarily by general property taxes and state-shared revenue. The Public Safety Fund accounts for the collection of the special-voted millage for police and fire services. The Public Improvement and Building Fund accounts for funds set aside from the General Fund for future capital outlay. The purpose is to accumulate the necessary amounts to fund capital outlay on an even basis over the years, so as not to require unusual General Fund spending in any one year.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year.

In addition, there were appropriation reductions in most departments. As a result of these cost reductions, as well as greater than budgeted revenue, the General Fund experienced an increase of \$1,239,000 (as compared to the budgeted shortfall of approximately \$225,000). Primarily, the increase in revenue was caused by large building permit fees from Henry Ford Hospital, Beaumont Medical Center, and Frankel Jewish Academy of Metropolitan Detroit. Some of the overall reduction in expenses was a result of self-funding health insurance and postponing of capital outlay in the fire and information technology departments.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

At the end of 2006, the Township had \$124 million invested in a broad range of capital assets, including buildings, bike paths, police and fire equipment, and water and sewer lines. During the current year, the Township continued one significant project, the construction of bike safety paths.

Economic Factors and Next Year's Budgets and Rates

The Township's 2007 fiscal year budget calls for a continued freeze on hiring new employees, and further reductions in any nonessential costs. This is necessary because of the continued shortfall in state-shared revenue, as well as the increases in employee health care coverage costs.

The Township converted to a self-insured prescription, dental, and optical benefit program; this has resulted in substantial savings in 2006 which are expected to continue in 2007 and beyond.

It is anticipated that during 2007 the water and sewer system will be raising its rates by approximately 1 percent. This minor increase is a result of cost saving measures by the department, lower than average wholesale increases from the Detroit Water and Sewer Department, and lower water loss.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Charter Township of West Bloomfield

Statement of Net Assets December 31, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 27,108,881	\$ 5,906,976	\$ 33,015,857
Current receivables (Note 4)	15,334,037	4,429,150	19,763,187
Deposits with insurance	64,418	3,221	67,639
Internal balances (Note 6)	(256,625)	256,625	-
Special assessments receivable	612,130	-	612,130
Lease receivable (Note 7)	5,380,000	-	5,380,000
Net pension asset (Note 10)	1,014,200	-	1,014,200
Restricted assets (Note 8)	-	12,466,009	12,466,009
Nondepreciable capital assets (Note 5)	2,389,573	1,350,786	3,740,359
Depreciable capital assets - Net (Note 5)	24,864,861	95,398,826	120,263,687
Total assets	76,511,475	119,811,593	196,323,068
Liabilities			
Accounts payable	720,567	2,298,396	3,018,963
Accrued and other liabilities	667,820	189,090	856,910
Due to fiduciary funds (postretirement)	261,097	-	261,097
Unearned revenue (Note 4)	27,151,859	-	27,151,859
Long-term debt (Note 7):			
Due within one year	1,654,501	452,646	2,107,147
Due in more than one year	7,176,890	1,011,182	8,188,072
Compensated absences and general liability claims:			
Due within one year	100,000	-	100,000
Due in more than one year	2,087,515	-	2,087,515
Total liabilities	39,820,249	3,951,314	43,771,563
Net Assets			
Invested in capital assets - Net of related debt	23,803,043	95,285,784	119,088,827
Restricted:			
Public safety	3,747,588	-	3,747,588
Drug enforcement	1,095,278	-	1,095,278
Debt service and capital improvements	-	12,454,775	12,454,775
Special assessments	1,221,965	-	1,221,965
Other purposes	389,051	-	389,051
Unrestricted	6,434,301	8,119,720	14,554,021
Total net assets	\$ 36,691,226	\$ 115,860,279	\$ 152,551,505

Charter Township of West Bloomfield

Statement of Activities Year Ended December 31, 2006

	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities:					
General government	\$ 8,803,308	\$ 648,799	\$ 521,894	\$ -	\$ (7,632,615)
District Court	917,012	791,588	-	-	(125,424)
Public safety:					
Police	11,978,219	789,888	558,144	-	(10,630,187)
Fire and EMS	12,580,859	1,754,518	-	-	(10,826,341)
Building inspections (Note 2)	1,248,761	1,896,408	-	-	647,647
Code enforcement	511,779	-	-	-	(511,779)
Public works:					
Special assessment projects	68,116	-	-	66,593	(1,523)
Road projects	57,850	-	-	-	(57,850)
Bike paths/Safety paths	65,393	-	-	157,479	92,086
Street lighting	61,407	64,334	-	-	2,927
Drain projects	94,380	-	-	-	(94,380)
Hazardous waste, community assistance, and other	76,115	-	-	-	(76,115)
Community and economic development:					
Engineering	565,826	476,430	-	-	(89,396)
Environmental enforcement	360,602	28,234	-	-	(332,368)
Planning and zoning	512,698	38,174	-	-	(474,524)
Recreation and culture - Cable television, parks, and library	363,464	-	687,225	-	323,761
Interest on long-term debt	360,590	-	-	-	(360,590)
Total governmental activities	38,626,379	6,488,373	1,767,263	224,072	(30,146,671)
Business-type activities - Water and sewer	19,116,713	19,533,380	-	1,259,309	1,675,976
Total functions/programs	<u>\$ 57,743,092</u>	<u>\$ 26,021,753</u>	<u>\$ 1,767,263</u>	<u>\$ 1,483,381</u>	<u>\$ (28,470,695)</u>

(Continued on next page)

Charter Township of West Bloomfield

Statement of Activities (Continued) Year Ended December 31, 2006

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Net (Expense) Revenue - From previous page	\$ (30,146,671)	\$ 1,675,976	\$ (28,470,695)
General Revenue			
Property taxes	25,841,350	-	25,841,350
State-shared revenues	4,868,862	-	4,868,862
Investment earnings	1,546,906	783,076	2,329,982
Franchise fees	854,977	-	854,977
Cell tower lease	248,265	-	248,265
Other unrestricted revenues	39,999	-	39,999
Total general revenues	33,400,359	783,076	34,183,435
Change in Net Assets	3,253,688	2,459,052	5,712,740
Net Assets			
Beginning of year (As restated, Note 13)	33,437,538	113,401,227	146,838,765
End of year	<u>\$ 36,691,226</u>	<u>\$ 115,860,279</u>	<u>\$ 152,551,505</u>

Charter Township of West Bloomfield

Governmental Funds Balance Sheet December 31, 2006

	General Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 11,432,708	\$ 10,527,638	\$ 5,148,535	\$ 27,108,881
Accounts receivables:				
Property taxes	6,551,716	6,219,139	492,066	13,262,921
Special assessments	-	-	612,130	612,130
Other governmental units	34,764	5,060	48,109	87,933
Interest and other	992,160	44,867	119,863	1,156,890
Due from other funds	464,969	2,070	68,385	535,424
Prepaid assets	44,287	20,131	-	64,418
Total assets	<u>\$ 19,520,604</u>	<u>\$ 16,818,905</u>	<u>\$ 6,489,088</u>	<u>\$ 42,828,597</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 410,105	\$ 113,555	\$ 196,907	\$ 720,567
Accrued wages and payroll taxes	428,514	148,094	-	576,608
Due to other funds	31,393	214,056	807,697	1,053,146
Due to other governmental units	-	-	3,080	3,080
Deferred revenue	13,472,139	12,595,612	1,581,593	27,649,344
Deposits	26,693	-	12,800	39,493
Total liabilities	14,368,844	13,071,317	2,602,077	30,042,238
Fund Balances - Unreserved -				
Reported in				
General Fund	5,151,760	-	-	5,151,760
Special Revenue Funds	-	3,747,588	2,964,391	6,711,979
Debt Service Funds	-	-	441,600	441,600
Capital Projects Funds	-	-	481,020	481,020
Total fund balances	<u>5,151,760</u>	<u>3,747,588</u>	<u>3,887,011</u>	<u>12,786,359</u>
Total liabilities and fund balances	<u>\$ 19,520,604</u>	<u>\$ 16,818,905</u>	<u>\$ 6,489,088</u>	<u>\$ 42,828,597</u>

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets December 31, 2006

Fund Balances - Total Governmental Funds \$ 12,786,359

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	27,254,434
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	497,485
Leases and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	6,206,293
The net pension asset is not a financial resource and is recorded only at the government-wide level	1,014,200
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(8,831,391)
Accrued interest in governmental activities is not reported in the funds	(48,639)
Employee compensated absences are payable over a long period of years, and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,634,453)
General liability claims will be paid in the future, and do not represent a claim on current resources; therefore, they are not reported as fund liabilities	(553,062)

Net Assets - Governmental Activities \$ 36,691,226

Charter Township of West Bloomfield

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2006

	General Fund	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 12,665,949	\$ 12,062,583	1,150,826	\$ 25,879,358
Licenses and permits	1,744,174	-	-	1,744,174
State-shared revenues	4,900,490	-	106,316	5,006,806
Federal sources	9,711	9,711	792,125	811,547
Charges for services	2,161,603	-	-	2,161,603
Charges to other funds	938,971	-	-	938,971
District Court and other fines	1,273,159	-	-	1,273,159
Interest	930,604	441,178	216,523	1,588,305
Special assessments	-	-	303,641	303,641
Cable franchise fees and leases	1,103,242	-	366,350	1,469,592
Other	175,276	-	1,827,729	2,003,005
Total revenue	25,903,179	12,513,472	4,763,510	43,180,161
Expenditures				
Current:				
General government	5,012,557	4,000	-	5,016,557
District Court	917,012	-	-	917,012
Public safety:				
Police	6,564,265	5,401,867	40,585	12,006,717
Fire	6,968,213	5,599,783	-	12,567,996
Building inspection	1,248,761	-	-	1,248,761
Code enforcement	926,001	-	-	926,001
Public works	78,950	-	426,400	505,350
Community and economic development	1,078,524	-	331,331	1,409,855
Recreation and culture	31,311	-	1,185,381	1,216,692
Contribution to retiree health care	1,634,900	944,200	-	2,579,100
Capital outlay	-	29,153	300,034	329,187
Debt service	-	-	2,053,945	2,053,945
Total expenditures	24,460,494	11,979,003	4,337,676	40,777,173
Excess of Revenue Over Expenditures	1,442,685	534,469	425,834	2,402,988
Other Financing Sources (Uses)				
Transfers in	46,300	163,250	250,000	459,550
Transfers out	(250,000)	-	(209,550)	(459,550)
Total other financing sources (uses)	(203,700)	163,250	40,450	-
Net Change in Fund Balances	1,238,985	697,719	466,284	2,402,988
Fund Balances - Beginning of year	3,912,775	3,049,869	3,420,727	10,383,371
Fund Balances - End of year	<u>\$ 5,151,760</u>	<u>\$ 3,747,588</u>	<u>\$ 3,887,011</u>	<u>\$ 12,786,359</u>

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2006

Net Change in Fund Balances - Total Governmental Funds **\$ 2,402,988**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	1,871,692
Depreciation expense	(1,413,130)
Asset disposals	(100,292)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 45 days of year end (27,591)

Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds 61,372

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 1,646,860

Change in accrued interest payable and other 4,725

Collection of building authority lease receivable is considered a revenue of the governmental funds, but not at the government-wide level (1,390,000)

Employee sick and vacation pay is recorded in the statement of activities when earned, rather than when used 63,524

Change in general liability claims 184,740

Change in net pension assets (51,200)

Change in Net Assets of Governmental Activities **\$ 3,253,688**

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Net Assets December 31, 2006

	Enterprise Fund - Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 5,906,976
Receivables - Net	4,429,150
Due from other funds	343,924
Deposit with insurance carrier	3,221
Total current assets	10,683,271
Noncurrent assets:	
Restricted	12,466,009
Capital	96,749,612
Total noncurrent assets	109,215,621
Total assets	119,898,892
Liabilities	
Current liabilities:	
Accounts payable	2,298,396
Accrued and other liabilities	177,856
Due to other funds	87,299
Total current liabilities	2,563,551
Current liabilities payable from restricted assets:	
Accrued interest	11,234
Current portion of county bonds	452,646
Total current liabilities payable from restricted assets	463,880
Noncurrent liabilities - Long-term debt - Net of current portion	1,011,182
Total liabilities	4,038,613
Net Assets	
Investment in capital assets - Net of related debt	95,285,784
Restricted	12,454,775
Unrestricted	8,119,720
Total net assets	\$ 115,860,279

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2006

	Enterprise Fund - Water and Sewer
Operating Revenue	
Sale of water	\$ 10,277,296
Sewage disposal charges	8,565,067
Interest and penalty charges	521,432
Installation fees	95,415
Other charges for services	74,170
Total operating revenue	19,533,380
Operating Expenses	
Cost of water purchased	7,215,318
Cost of sewage treatment	5,375,365
Distribution and collection system	3,060,028
Billing and administrative costs	457,271
Municipal service charge	872,800
Depreciation	2,054,844
Total operating expenses	19,035,626
Operating Income	497,754
Nonoperating Revenue (Expense)	
Investment income	783,076
Interest expense	(81,087)
Total nonoperating revenue	701,989
Income - Before capital contributions	1,199,743
Capital Contributions	
Customer assessments (connection fees, transmission, and capital charges)	928,800
Water and sewer lines donated by developers	330,509
Total capital contributions	1,259,309
Change in Net Assets	2,459,052
Net Assets - Beginning of year, as restated (Note 13)	113,401,227
Net Assets - End of year	<u><u>\$ 115,860,279</u></u>

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Cash Flows Year Ended December 31, 2006

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 19,482,168
Payments to suppliers	(14,144,197)
Payments to employees	(1,694,665)
Internal activity - Payments to other funds	(1,458,220)
Net cash provided by operating activities	2,185,086
Cash Flows from Capital and Related Financing Activities	
Collection of customer assessments (principal and interest)	965,505
Purchase of capital assets	(1,947,604)
Principal and interest paid on capital debt	(473,772)
Net cash used in capital and related financing activities	(1,455,871)
Cash Flows from Investing Activities - Interest received on investments	773,661
Net Increase in Cash and Cash Equivalents	1,502,876
Cash and Cash Equivalents - Beginning of year	16,034,557
Cash and Cash Equivalents - End of year	<u><u>\$ 17,537,433</u></u>
Statement of Net Assets Classification of Cash and Cash Equivalents	
Cash and investments	\$ 5,906,976
Restricted investments (Note 8)	11,630,457
Total cash and cash equivalents	<u><u>\$ 17,537,433</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 497,754
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	2,054,844
Changes in assets and liabilities:	
Receivables	(51,212)
Due from other funds	70,798
Accounts payable	251,377
Due to other funds	(656,218)
Accrued and other liabilities	17,743
Net cash provided by operating activities	<u><u>\$ 2,185,086</u></u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2006, the Water and Sewer Fund received \$330,509 of lines donated by developers.

Charter Township of West Bloomfield

Fiduciary Funds Statement of Net Assets December 31, 2006

	Pension and Other Employee Benefits Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 2,915,176	\$ 16,219,717
Investments (Note 3):		
Corporate bonds	4,540,940	-
Real estate	4,293,770	-
Stock	53,623,399	-
Other investments	18,889,084	-
Due from other funds	261,097	-
Other assets	41,794	64
Total assets	84,565,260	<u><u>\$ 16,219,781</u></u>
Liabilities		
Accounts payable	17,287	\$ -
Due to other governments	-	13,994,834
Cash bonds and deposits	-	2,167,048
Other liabilities	-	57,899
Total liabilities	<u>17,287</u>	<u><u>\$ 16,219,781</u></u>
Net Assets - Held in trust for pension and other employee benefits	<u><u>\$ 84,547,973</u></u>	

Charter Township of West Bloomfield

Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2006

	Pension and Other Employee Benefits Trust Fund
Additions	
Investment income:	
Interest and dividends	\$ 1,662,640
Net increase in fair value of investments	6,655,126
Less investment expenses	<u>(242,339)</u>
Net investment income	8,075,427
Contributions:	
Employer	7,270,712
Employee	<u>241,446</u>
Total contributions	<u>7,512,158</u>
Total additions	15,587,585
Deductions	
Benefit payments	2,834,798
Administrative payments	<u>27,202</u>
Total deductions	<u>2,862,000</u>
Net Increase in Net Assets Held in Trust	12,725,585
Net Assets Held in Trust for Pension Benefits	
Beginning of year	<u>71,822,388</u>
End of year	<u><u>\$ 84,547,973</u></u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of West Bloomfield (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of West Bloomfield:

Reporting Entity

The Charter Township of West Bloomfield is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its blended component unit, an entity for which the Township is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Township's operations.

Blended Component Units - The Building Authority is governed by a board that is appointed by the Township. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

Jointly Governed Organization - The Township is a participant with Bloomfield Township, the City of Birmingham, and the City of Bloomfield Hills in the operations of the 48th District Court. The Township advances its allocated share of District Court expenditures and receives a share of the District Court revenue based on relative case load levels. The Township's share of District Court expenditures amounted to \$1,247,027 for the year ended December 31, 2006, and its share of revenue amounted to \$1,505,133. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete audited financial statements for the District Court can be obtained from the District Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety Fund - The Public Safety Fund accounts for the levy of a special millage for police and fire services.

Water and Sewer Fund - The Township reports a single Enterprise Fund, the Water and Sewer Fund. This fund accounts for the purchase of water from Detroit and its distribution to Township water users; it also accounts for the collection of sanitary sewage and its transportation to the Detroit treatment plant.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Township reports the following fund types:

Pension and Other Employee Benefits Trust Funds - The Pension and Other Employee Benefits Trust Funds account for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified general and police and fire employees and the Postretirement Health Care Plan, which accumulates resources to fund the Township's obligation to provide health care benefits to retirees.

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity. This includes primarily tax collections on behalf of the other governmental taxing units (county, schools, etc.), developer bonds and deposits, and amounts held for the Parks and Recreation Commission. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue the Township's proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, billing and administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year.

The Township's 2005 tax is levied and collectible on December 1, 2005 and is recognized as revenue in the year ended December 31, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2005 taxable valuation of the Township totaled \$3.82 billion, on which taxes levied consisted of 3.4076 mills for operating purposes, 3.1581 mills for police and fire services, and .1995 for the safety path. This resulted in approximately \$13.0 million for operating, \$12.1 million for police and fire services, and \$760,000 for the safety path. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income from pooled investments is generally allocated to each fund using a weighted average method.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Assets - Customer assessments (connection fees, transmission, and capital charges) collected by the Water and Sewer Fund have been restricted for future debt service payments and capital costs, in accordance with Township ordinance. In addition, assets held at Oakland County are legally restricted for payment of debt and additional capital projects.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Water and sewer distribution systems	25 to 75 years
Buildings and building improvements	40 to 50 years
Land improvements	20 to 25 years
Bike paths	20 to 25 years
Vehicles	3 to 5 years
Office furnishings	20 to 25 years
Other tools and equipment	5 to 7 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is calculated for a portion of the unused sick and vacation balances, not to exceed specific policy limits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Balance/Net Assets - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Shortfall - January 1, 2006		\$ (1,707,377)
Current year building permit revenue		1,744,174
Related expenses:		
Direct costs	\$ 1,248,761	
Estimated indirect costs	<u>515,904</u>	
Total construction code expenses		<u>1,764,665</u>
Cumulative shortfall - December 31, 2006		<u><u>\$ (1,727,868)</u></u>

The Township had a fund deficit in the Grant Fund at December 31, 2006.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 3 - Deposits and Investments (Continued)

The Pension Trust Fund and Retiree Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Township has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs. The Township's deposits and investment policies are in accordance with statutory authority.

The Township's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. When selecting a bank, the following criteria are examined:

- Assets of at least \$100 million
- A Sheshunoff rating of at least 30, or primary capital as a percent of total assets as follows:
 - 5.50 percent for > \$500 million total assets
 - 7.00 percent for \$300 - \$499 million total assets
 - 7.25 percent for \$100 - \$299 million total assets

At year end, the Township had \$44,140,321 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The Township will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools
- Ensuring that no more than 10 percent of the portfolio may be invested beyond 12 months, except for monies in debt retirement not needed for current debt payments, and the weighted average maturity of the portfolio shall never exceed one year. Investment maturities shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures, as well as considering sizeable blocks of anticipated revenue.

At year end, the Township had approximately \$7,299,000 invested in U.S. governmental or agency bonds or notes with a weighted average maturity of 285 days. The Township also had approximately \$4,540,940 invested in corporate bonds with a weighted average maturity of approximately five years.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the Township had fixed investments with the following credit ratings:

Type of Investment	Amount	Rating	Agency
Investment pools	\$ 986,958	AAA	Fitch
	114,640	AAAM	S & P
	1,665,054	Aaa	Moody's
	5,180,960	AI	Moody's
	233,164	AA-	S & P
	8,274,029	Not rated	
U.S. agency obligations	7,299,088	AAA	S & P
Corporate bonds	4,540,940	AA-	S & P

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 4 - Receivables

Receivables as of year end for the Township's individual major funds and the nonmajor and fiduciary funds in the aggregate are as follows:

	General Fund	Public Safety	Nonmajor and Other Funds	Total
Receivables:				
Taxes	\$ 6,551,716	\$ 6,219,139	\$ 492,066	\$ 13,262,921
Special assessments	-	-	612,130	612,130
Other governmental units	34,764	5,060	48,109	87,933
Interest and other	<u>992,160</u>	<u>44,867</u>	<u>119,863</u>	<u>1,156,890</u>
Net receivables	<u>\$ 7,578,640</u>	<u>\$ 6,269,066</u>	<u>\$ 1,272,168</u>	15,119,874
Accrued interest receivable				41,589
State-shared revenue payment and other, received in fiscal year 2007, earned in 2006				<u>784,704</u>
Total				<u>\$ 15,946,167</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Property taxes levied for 2006 budget	\$ -	\$ 27,151,859
Special assessments	344,485	-
Other	<u>153,000</u>	<u>-</u>
Total	<u>\$ 497,485</u>	<u>\$ 27,151,859</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2006	Additions	Disposals	Balance December 31, 2006
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,614,770	\$ -	\$ 9,490	\$ 1,605,280
Construction in progress	85,174	709,725	10,606	784,293
Subtotal	1,699,944	709,725	20,096	2,389,573
Capital assets being depreciated:				
Investment in county drains	-	2,873,252	-	2,873,252
Bike paths	11,277,370	43,888	-	11,321,258
Land improvements	2,692,774	47,814	-	2,740,588
Buildings and improvements	13,647,487	28,501	-	13,675,988
Vehicles	5,644,840	394,424	638,449	5,400,815
Furnishings, fixtures, and equipment	4,831,900	624,990	189,498	5,267,392
Subtotal	38,094,371	4,012,869	827,947	41,279,293
Accumulated depreciation:				
Bike paths	6,085,378	328,380	-	6,413,758
Land improvements	826,192	96,233	-	922,425
Buildings and improvements	3,434,112	245,767	-	3,679,879
Vehicles	3,029,069	377,644	581,702	2,825,011
Furnishings, fixtures, and equipment	2,341,939	365,106	133,686	2,573,359
Subtotal	15,716,690	1,413,130	715,388	16,414,432
Net capital assets being depreciated	22,377,681	2,599,739	112,559	24,864,861
Net capital assets	<u>\$ 24,077,625</u>	<u>\$ 3,309,464</u>	<u>\$ 132,655</u>	<u>\$ 27,254,434</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 5 - Capital Assets (Continued)

	Balance January 1, 2006	Additions	Disposals and Adjustments	Balance December 31, 2006
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 485,460	\$ -	\$ -	\$ 485,460
Construction in progress	347,197	1,558,757	1,040,628	865,326
Subtotal	832,657	1,558,757	1,040,628	1,350,786
Capital assets being depreciated:				
Water and sewer distribution systems	129,290,562	1,556,805	288,510	130,558,857
Buildings and building improvements	1,366,482	119,000	-	1,485,482
Other improvements	139,866	-	-	139,866
Other tools and equipment	2,519,740	84,178	-	2,603,918
Subtotal	133,316,650	1,759,983	288,510	134,788,123
Accumulated depreciation:				
Water and sewer distribution systems	35,210,434	1,893,297	288,510	36,815,221
Buildings and building improvements	663,004	31,302	-	694,306
Other improvements	69,151	4,395	-	73,546
Other tools and equipment	1,680,374	125,850	-	1,806,224
Subtotal	37,622,963	2,054,844	288,510	39,389,297
Net capital assets being depreciated	95,693,687	(294,861)	-	95,398,826
Net capital assets	\$ 96,526,344	\$ 1,263,896	\$ 1,040,628	\$ 96,749,612

Depreciation expense was charged to programs as follows:

Governmental activities:

General government	\$ 218,321
Public safety:	
Police	371,582
Fire	428,033
Building inspection	4,619
Code enforcement	7,426
Public works	338,960
Community and economic development	6,428
Recreation and culture	37,761
Total governmental activities	\$ 1,413,130

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 5 - Capital Assets (Continued)

Construction Commitments - The Township has no significant construction contracts at year end.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Governmental funds:		
General Fund	Water and Sewer Fund	\$ 87,299
	Public Safety Fund	198,557
	Special Assessment Districts	66,886
	Other nonmajor governmental funds	112,227
Public Safety Fund	Other funds	2,070
Nonmajor governmental funds	Nonmajor governmental funds	57,587
	General Fund	2,473
	Public Safety Fund	8,325
	Total nonmajor governmental funds	535,424
Enterprise Funds - Water and Sewer Fund	Special Assessment Districts	336,750
	Public Safety Fund	7,174
	Total governmental funds	343,924
Fiduciary funds - Postretirement		
Health Care Fund	Special Assessment Districts	261,097
	Total interfund balances	\$ 1,140,445

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Public Improvement and Building Fund	\$ 200,000
General Fund	Safety Path Fund	50,000
Drug Enforcement Fund	Public Safety Fund	163,250

The transfer from the General Fund to the Public Improvement Fund represents the annual amount set aside of unrestricted General Fund resources for future capital improvements. The transfer from the General Fund to the Safety Path Fund was to cover preliminary engineering costs in advance of receiving tax monies. The transfer from the Drug Enforcement Fund to the Public Safety Fund represents the transfer of drug forfeiture resources to be used to enhance drug enforcement efforts. The transfer from the Grant Fund to the General Fund represents right-of-way monies used to pay for streetlighting costs.

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. At December 31, 2006, the Township had the following debt outstanding:

Governmental Activities	<u>Principal Outstanding</u>
<u>Building Authority Bonds:</u>	
1997 Building Authority bond for library improvements, with interest ranging from 4.4% to 4.8%, maturing in 2012	\$ 4,750,000

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 7 - Long-term Debt (Continued)

Governmental Activities (Continued)	Principal Outstanding
<u>Building Authority Bonds (Continued):</u>	
1998 Building Authority bond for parks and recreation land acquisition, with interest ranging from 3.9% to 3.95%, maturing in 2007	\$ 280,000
1998 Building Authority bond for purchase of parks and recreation Potomac Club, with interest of 3.55%, maturing in 2007	350,000
1999 special assessment bonds for SAD #117, with interest ranging from 4.9% to 5%, maturing in 2008	100,000
2000 special assessment bonds for SAD #127, with interest of 4.9%, maturing in 2009	180,000
2001 special assessment bonds for SAD #129, with interest ranging from 4.85% to 5.1%, maturing in 2015	380,000
<u>Jacobs Drain Bonds</u>	
2005 Jacobs Drain Bonds, series 2005A - General obligation limited tax bonds, with interest ranging from 3.5% to 4.40%, maturing in 2025	2,177,476
<u>Tenhill and Wallbrook Drain Bonds</u>	
2006 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 3.35% to 4.5%, maturing in 2026	613,915
Total governmental activities	<u>\$ 8,831,391</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 7 - Long-term Debt (Continued)

Business-type Activities	Principal Outstanding
<u>County contractual obligations:</u>	
1992 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest ranging from 3.5% to 4.85%, maturing in 2009	\$ 221,152
2001 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest of 5.1%, maturing in 2009	<u>1,242,676</u>
Total business-type activities	<u>\$ 1,463,828</u>

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority bonds	\$ 6,770,000	\$ -	\$ 1,390,000	\$ 5,380,000	\$ 1,405,000
Special assessment bonds	835,000	-	175,000	660,000	150,000
Jacobs Drain Bonds	-	2,259,336	81,860	2,177,476	81,860
Drain District Bonds	-	613,915	-	613,915	17,641
Total governmental activities	7,605,000	2,873,251	1,646,860	8,831,391	1,654,501
Business-type Activities -					
County contract obligations	<u>1,853,605</u>	<u>-</u>	<u>389,777</u>	<u>1,463,828</u>	<u>452,646</u>
Total long-term debt	<u>\$ 9,458,605</u>	<u>\$ 2,873,251</u>	<u>\$ 2,036,637</u>	<u>\$ 10,295,219</u>	<u>\$ 2,107,147</u>
Compensated Absences	<u>\$ 1,697,977</u>	<u>\$ -</u>	<u>\$ 63,524</u>	<u>\$ 1,634,453</u>	<u>\$ 100,000</u>

The Building Authority bonds noted above are offset by a lease receivable totaling \$5,380,000 as of December 31, 2006. The lease payment schedule is exactly the same as the debt service requirements of the three bonds and will be paid with the proceeds from a millage.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 1,654,501	\$ 363,336	\$ 2,017,837	\$ 452,646	\$ 66,538	\$ 519,184
2008	1,028,030	304,201	1,332,231	474,136	45,732	519,868
2009	1,003,030	257,194	1,260,224	475,134	23,509	498,643
2010	946,558	210,362	1,156,920	61,912	1,083	62,995
2011	967,023	165,615	1,132,638	-	-	-
2012-2026	3,232,249	796,993	4,029,242	-	-	-
Total	<u>\$ 8,831,391</u>	<u>\$ 2,097,701</u>	<u>\$ 10,929,092</u>	<u>\$ 1,463,828</u>	<u>\$ 136,862</u>	<u>\$ 1,600,690</u>

Note 8 - Restricted Assets

The Township's water and sewer ordinances require the proceeds from certain revenues to be segregated and used for specific purposes. Restricted assets are composed of the following:

Restricted assets are composed of:

Cash and investments	\$ 11,630,457
Customer assessments receivable	675,794
Due from other governmental units	10,091
Accrued interest and other receivables	131,593
Assets held by Oakland County	18,074
Total restricted assets	<u>\$ 12,466,009</u>

These assets are restricted for the following purposes:

Bond interest and redemption	\$ 11,324,625
Reserve, depreciation, and improvement	1,123,310
Assets held at Oakland County	18,074
Total restricted assets	<u>\$ 12,466,009</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions, and the Michigan Municipal League risk pool for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2006</u>	<u>2005</u>
Unpaid claims - Beginning of year	\$ 737,802	482,443
Incurred claims (including claims incurred but not reported, and changes in estimates)	744,833	1,088,026
Claim payments	<u>(929,573)</u>	<u>(832,667)</u>
Unpaid claims - End of year	<u>\$ 553,062</u>	<u>\$ 737,802</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township contributes to a single-employer defined benefit pension plan that covers police and fire employees and the general office, water and sewer, and parks and recreation department employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2005, the date of the most recent actuarial valuation, membership consisted of 150 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 305 current active employees. The plan does not issue a separate financial report.

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from police and fire employees of 2 percent (there is no contribution requirement from the other employees). The funding policy provides for periodic employer contributions at actuarially determined rates.

Annual Pension Cost - For the year ended December 31, 2006, the Township's annual pension cost of approximately \$4,548,406 for the plan was equal to the Township's required contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 4.5 percent to 17.5 percent per year, and (c) a 3 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 24 years.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 10 - Defined Benefit Pension Plan (Continued)

Trend Information

Fiscal Year Ended December 31	Annual Pension Cost	Percent Contributed	Net Pension Asset
2000	\$ 2,063,000	106	\$ 877,000
2001	2,007,000	112	1,113,000
2002	2,405,000	93	945,000
2003	2,713,000	108	1,169,000
2004	3,162,000	99	1,113,000
2005	3,751,000	100	1,065,400
2006	4,548,406	100	1,014,200

Actuarial Valuation as of December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (Percent)	Covered Payroll	UAAL as a Percentage of Covered Payroll
2000	\$ 44,525,864	\$ 46,607,033	\$ 2,081,169	95.5	\$ 14,312,511	14.5
2001	47,531,143	54,307,871	6,776,728	87.5	15,070,910	45.0
2002	49,074,431	59,794,263	10,719,832	82.1	15,784,191	67.9
2003	51,622,204	64,597,088	12,974,884	79.9	17,106,766	75.8
2004	54,912,591	73,201,404	18,288,813	75.0	19,162,317	95.4
2005	59,493,069	79,692,787	20,199,718	74.7	18,681,528	108.1

Note 11 - Defined Contribution Pension Plan

The Township provides additional pension benefits to most employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Township board resolution, for years after 2003, the Township contributes 10 percent to 12 percent of employees' gross earnings and employees contribute 1 percent to 10 percent. In accordance with these requirements, the Township contributed approximately \$1,040,000 and the employees contributed \$261,000.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2006

Note 12 - Other Postemployment Benefits

The Township has elected to provide postemployment health benefits to all full-time employees upon retirement, in accordance with labor contracts. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. Currently, 58 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2006, the Township made payments for postemployment health benefit premiums of \$662,282. The benefits are paid annually from the Postretirement Health Care Fund. The funding policy provides for periodic discretionary employer contributions to the Postretirement Health Care Fund. The Township obtains health care coverage through private insurers.

Contributions to the Postretirement Health Care Fund totaled \$2,722,304 for the year ended December 31, 2006.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Note 13 - Adjustment to Net Assets

The net assets of the Water and Sewer Fund as of January 1, 2006 have been adjusted to reflect capitalization of water meters in prior years, and have been restated as follows:

Net assets - As originally stated December 31, 2005	\$ 112,794,508
Adjustment for capitalization of meters	<u>606,719</u>
Net assets - As restated December 31, 2006	<u><u>\$ 113,401,227</u></u>

Required Supplemental Information

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Property taxes	\$ 12,615,000	\$ 12,662,900	\$ 12,665,949	\$ 3,049
Building permits	1,270,000	1,458,700	1,744,174	285,474
Cable franchise fees	791,300	826,800	854,977	28,177
State-shared revenue	5,008,000	4,905,700	4,900,490	(5,210)
Plan and site review	25,000	25,300	26,964	1,664
Fines and permits	401,500	301,000	369,926	68,926
Engineering fees	170,000	130,000	141,093	11,093
Administrative fees	928,300	928,300	938,971	10,671
District Court	1,232,400	1,187,300	1,187,382	82
Interest on investments	300,000	880,400	930,604	50,204
Contribution from Tri-Cities fire	627,184	627,184	627,185	1
EMS transport fees	750,000	895,300	1,003,909	108,609
Miscellaneous revenue	387,600	465,600	511,555	45,955
Total revenue	24,506,284	25,294,484	25,903,179	608,695
Expenditures				
Township Board	33,280	39,910	40,262	(352)
Supervisor	241,211	233,732	229,950	3,782
Elections	84,900	82,228	63,546	18,682
General services	587,646	524,581	487,071	37,510
Finance	601,689	605,329	588,966	16,363
Information technology	730,262	737,475	609,385	128,090
Assessor	1,107,189	1,131,612	1,051,778	79,834
Clerk	927,485	913,775	910,855	2,920
Personnel	272,442	262,289	234,876	27,413
Treasurer	656,483	662,243	649,441	12,802
Town Hall building and grounds	105,260	108,465	114,316	(5,851)
Pension Board	40,578	44,077	32,111	11,966
District Court	1,105,198	918,116	917,012	1,104
Police	6,726,279	6,615,120	6,564,265	50,855

(Continued on next page)

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (Continued)				
Fire	\$ 7,043,982	\$ 7,248,665	\$ 6,968,213	\$ 280,452
Building and inspection	1,369,523	1,311,651	1,248,761	62,890
Code enforcement	571,900	558,079	565,399	(7,320)
Engineering	668,729	626,473	565,826	60,647
Planning and zoning	576,427	518,353	512,698	5,655
Environmental	458,096	397,485	360,602	36,883
Community assistance	137,800	122,900	78,950	43,950
Cable TV administration	29,345	32,648	31,311	1,337
Total expenditures	<u>24,075,704</u>	<u>23,695,206</u>	<u>22,825,594</u>	<u>869,612</u>
Excess of Revenue Over Expenditures	430,580	1,599,278	3,077,585	1,478,307
Transfers Out - Postretirement and Public Improvement Funds	(1,331,000)	(1,884,900)	(1,884,900)	-
Transfers In - Other funds	<u>46,300</u>	<u>46,300</u>	<u>46,300</u>	<u>-</u>
Total transfers	<u>(1,284,700)</u>	<u>(1,838,600)</u>	<u>(1,838,600)</u>	<u>-</u>
Surplus (Shortfall)	(854,120)	(239,322)	1,238,985	1,478,307
Fund Balance - Beginning of year	<u>3,288,188</u>	<u>3,912,775</u>	<u>3,912,775</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 2,434,068</u>	<u>\$ 3,673,453</u>	<u>\$ 5,151,760</u>	<u>\$ 1,478,307</u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule Public Safety Fund Year Ended December 31, 2006

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 12,012,000	\$ 12,061,100	\$ 12,062,583	\$ 1,483
Grants	-	10,000	9,711	(289)
Interest on investments	255,000	408,000	441,178	33,178
Total revenue	12,267,000	12,479,100	12,513,472	34,372
Expenditures				
Police salaries, fringe benefits, and supplies	5,281,712	5,475,755	5,291,858	183,897
Fire salaries, fringe benefits, and supplies	5,406,307	5,455,399	5,316,478	138,921
Police equipment	164,096	147,816	110,009	37,807
Fire equipment	331,650	331,650	283,305	48,345
Police and fire facilities	-	29,953	29,153	800
Retiree health contribution	670,800	944,200	944,200	-
Other	15,000	15,000	4,000	11,000
Total expenditures	11,869,565	12,399,773	11,979,003	420,770
Excess of Revenue Over Expenditures	397,435	79,327	534,469	455,142
Transfers from Other Funds	156,100	163,250	163,250	-
Surplus	553,535	242,577	697,719	455,142
Fund Balance - Beginning of year	2,802,679	3,049,869	3,049,869	-
Fund Balance - End of year	<u>\$ 3,356,214</u>	<u>\$ 3,292,446</u>	<u>\$ 3,747,588</u>	<u>\$ 455,142</u>

Charter Township of West Bloomfield

Note to Required Supplemental Information December 31, 2006

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds except that certain department expenses are recorded as operating transfers, rather than as expenditures.

The budget is prepared by the budget director under the direction of the Township supervisor, and submitted to the Township board for review and approval. The Township board adopts the budget prior to December 31 of each year. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the Township board is the department level. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - As reported in the budgetary comparison schedules, the Township expended in excess of budget appropriations in the following General Fund categories: Township board, clerk, town hall buildings and grounds, and code enforcement.

Other Supplemental Information

Charter Township of West Bloomfield

	Special Revenue Funds					
			Public	Drug	Special	
	Safety Paths	Grant Fund	Improvement and Building	Enforcement	Assessment Districts	Cable
Assets						
Cash and investments	\$ 643,024	\$ 39,748	\$ 837,054	\$ 1,090,549	\$ 33,811	\$ 823,748
Accounts receivables:						
Property taxes	392,900	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other governmental units	-	9,122	1,026	-	17,661	-
Other	1,909	-	528	10,641	-	106,641
Due from other funds	56,215	-	-	8,325	-	2,223
Total assets	<u>\$ 1,094,048</u>	<u>\$ 48,870</u>	<u>\$ 838,608</u>	<u>\$ 1,109,515</u>	<u>\$ 51,472</u>	<u>\$ 932,612</u>
Liabilities and Fund Balances (Deficit)						
Liabilities						
Accounts payable	\$ 147,790	\$ 9,557	\$ 3,449	\$ 14,237	\$ 5,046	\$ 14,867
Due to other funds	-	53,215	65,911	-	1,057	-
Due to other governmental units	-	-	-	-	-	-
Deferred revenue	795,605	-	-	-	-	-
Deposits	-	-	-	-	-	-
Total liabilities	943,395	62,772	69,360	14,237	6,103	14,867
Fund Balances (Deficit) - Unreserved	<u>150,653</u>	<u>(13,902)</u>	<u>769,248</u>	<u>1,095,278</u>	<u>45,369</u>	<u>917,745</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,094,048</u>	<u>\$ 48,870</u>	<u>\$ 838,608</u>	<u>\$ 1,109,515</u>	<u>\$ 51,472</u>	<u>\$ 932,612</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006**

Debt Service Funds			Capital Projects Funds		Total
Building Authority Debt	Drains at Large	Special Assessment Districts	Parks and Recreation Capital Fund	Special Assessment Districts	Nonmajor Governmental Funds
\$ 8,191	\$ 374,955	\$ 187,990	\$ -	\$ 1,109,465	\$ 5,148,535
-	99,166	-	-	-	492,066
-	-	48,277	-	563,853	612,130
-	-	4,547	-	15,753	48,109
-	-	-	-	144	119,863
-	-	1,622	-	-	68,385
<u>\$ 8,191</u>	<u>\$ 474,121</u>	<u>\$ 242,436</u>	<u>\$ -</u>	<u>\$ 1,689,215</u>	<u>\$ 6,489,088</u>

\$ -	\$ -	\$ -	\$ -	\$ 1,961	\$ 196,907
-	22,215	22,918	-	642,381	807,697
3,080	-	-	-	-	3,080
-	200,708	21,427	-	563,853	1,581,593
-	12,800	-	-	-	12,800
3,080	235,723	44,345	-	1,208,195	2,602,077
5,111	238,398	198,091	-	481,020	3,887,011
<u>\$ 8,191</u>	<u>\$ 474,121</u>	<u>\$ 242,436</u>	<u>\$ -</u>	<u>\$ 1,689,215</u>	<u>\$ 6,489,088</u>

Charter Township of West Bloomfield

	Special Revenue Funds					
	Public			Special		Cable
	Safety Paths	Grant Fund	Improvement and Building	Drug Enforcement	Assessment Districts	
Revenue						
Property taxes	\$ 761,838	\$ -	\$ -	\$ -	\$ -	\$ -
State-shared revenues	-	27,224	-	79,092	-	-
Federal sources	-	313,073	-	479,052	-	-
Interest	19,465	117	26,365	47,044	1,049	41,159
Special assessments	-	-	-	-	64,334	-
Cable franchise fees	-	-	-	-	-	366,350
Other	157,479	-	34	-	500	-
Total revenue	938,782	340,414	26,399	605,188	65,883	407,509
Expenditures						
Current:						
Police	-	-	-	40,585	-	-
Public works	-	-	110,797	-	61,407	-
Recreation and culture	762,288	-	-	-	-	423,093
Community assistance	-	331,331	-	-	-	-
Capital outlay	-	-	-	300,034	-	-
Debt service	-	-	-	-	-	-
Total expenditures	762,288	331,331	110,797	340,619	61,407	423,093
Excess of Revenue Over (Under) Expenditures	176,494	9,083	(84,398)	264,569	4,476	(15,584)
Other Financing Sources (Uses)						
Transfers in	50,000	-	200,000	-	-	-
Transfers out	(46,300)	-	-	(163,250)	-	-
Total other financing sources (uses)	3,700	-	200,000	(163,250)	-	-
Net Change in Fund Balances	180,194	9,083	115,602	101,319	4,476	(15,584)
Fund Balances (Deficit) -						
Beginning of year	(29,541)	(22,985)	653,646	993,959	40,893	933,329
Fund Balances (Deficit) -						
End of year	<u>\$ 150,653</u>	<u>\$ (13,902)</u>	<u>\$ 769,248</u>	<u>\$ 1,095,278</u>	<u>\$ 45,369</u>	<u>\$ 917,745</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2006

Debt Service Funds			Capital Projects Funds		Total
Building Authority Debt	Drains at Large	Special Assessment Districts	Parks and Recreation Capital Fund	Special Assessment Districts	Nonmajor Governmental Funds
\$ -	\$ 388,988	\$ -	\$ -	\$ -	\$ 1,150,826
-	-	-	-	-	106,316
-	-	-	-	-	792,125
4,692	12,309	15,218	22	49,083	216,523
-	-	54,109	-	185,198	303,641
-	-	-	-	-	366,350
<u>1,669,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,827,729</u>
1,674,408	401,297	69,327	22	234,281	4,763,510
-	-	-	-	-	40,585
-	-	225,526	-	28,670	426,400
-	-	-	-	-	1,185,381
-	-	-	-	-	331,331
-	-	-	-	-	300,034
<u>1,669,717</u>	<u>168,085</u>	<u>82,963</u>	<u>-</u>	<u>133,180</u>	<u>2,053,945</u>
<u>1,669,717</u>	<u>168,085</u>	<u>308,489</u>	<u>-</u>	<u>161,850</u>	<u>4,337,676</u>
4,691	233,212	(239,162)	22	72,431	425,834
-	-	-	-	-	250,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,550)</u>
-	-	-	-	-	40,450
4,691	233,212	(239,162)	22	72,431	466,284
<u>420</u>	<u>5,186</u>	<u>437,253</u>	<u>(22)</u>	<u>408,589</u>	<u>3,420,727</u>
<u>\$ 5,111</u>	<u>\$ 238,398</u>	<u>\$ 198,091</u>	<u>\$ -</u>	<u>\$ 481,020</u>	<u>\$ 3,887,011</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Net Assets Pension and Other Employee Benefit Trust Funds December 31, 2006

	Pension	Post- retirement Health Care	Totals
Assets			
Cash and investments:			
Corporate bonds	\$ 3,949,950	\$ 590,990	\$ 4,540,940
Real estate	3,665,847	627,923	4,293,770
Stock	45,428,187	8,195,212	53,623,399
Other investments	16,501,006	2,388,078	18,889,084
Cash equivalents	-	2,915,176	2,915,176
Receivables	-	28,910	28,910
Due from other funds	-	261,097	261,097
Deposits	-	12,884	12,884
Total assets	<u>\$ 69,544,990</u>	<u>\$ 15,020,270</u>	<u>\$ 84,565,260</u>
Liabilities and Net Assets			
Liabilities - Accounts payable	\$ -	\$ 17,287	\$ 17,287
Net Assets - Held in trust for Pension and Other Employee Benefits Trust Fund	<u>69,544,990</u>	<u>15,002,983</u>	<u>84,547,973</u>
Total liabilities and net assets	<u>\$ 69,544,990</u>	<u>\$ 15,020,270</u>	<u>\$ 84,565,260</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds December 31, 2006

	Trust and Agency	Parks and Recreation Fund	Bond Refund	Escrow	Totals
Assets					
Cash and investments	\$ 13,013,027	\$ 1,039,706	\$ 545,265	\$ 1,621,719	\$ 16,219,717
Receivables	-	-	-	64	64
Total assets	<u>\$ 13,013,027</u>	<u>\$ 1,039,706</u>	<u>\$ 545,265</u>	<u>\$ 1,621,783</u>	<u>\$ 16,219,781</u>
Liabilities					
Accrued and other liabilities	\$ 57,899	-	-	-	\$ 57,899
Due to other governmental units	12,955,128	1,039,706	-	-	13,994,834
Cash bonds and deposits	-	-	545,265	1,621,783	2,167,048
Total liabilities	<u>\$ 13,013,027</u>	<u>\$ 1,039,706</u>	<u>\$ 545,265</u>	<u>\$ 1,621,783</u>	<u>\$ 16,219,781</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Changes in Net Assets Pension and Other Employee Benefit Trust Funds Year Ended December 31, 2006

	Pension	Postretirement Health Care	Totals
Additions			
Investment income:			
Interest and dividends	\$ 1,290,855	\$ 371,785	\$ 1,662,640
Net increase in fair value of investments	5,896,376	758,750	6,655,126
Less investment expenses	(218,088)	(24,251)	(242,339)
Net investment income	6,969,143	1,106,284	8,075,427
Contributions:			
Employer	4,548,406	2,722,304	7,270,710
Employee	241,448	-	241,448
Total contributions	4,789,854	2,722,304	7,512,158
Total additions	11,758,997	3,828,588	15,587,585
Deductions			
Benefit payments	2,172,516	662,282	2,834,798
Administrative expenses	-	27,202	27,202
Total deductions	2,172,516	689,484	2,862,000
Net Increase in Net Assets Held in Trust	9,586,481	3,139,104	12,725,585
Net Assets Held in Trust for Pension Benefits			
Beginning of year	59,958,509	11,863,879	71,822,388
End of year	<u>\$ 69,544,990</u>	<u>\$ 15,002,983</u>	<u>\$ 84,547,973</u>



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June 6, 2007

To the Supervisor and Township Board
Charter Township of West Bloomfield
4550 Walnut Lake Rd.
West Bloomfield, Michigan 48325

Dear Supervisor and Board Members:

Beginning with this year's audit, national auditing standards now call for auditors to communicate matters to the governing body that may be useful in its oversight of the Township's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this new report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Charter Township of West Bloomfield Township as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

Issue - The year-end general ledger closing process continues to be a significant amount of work relative to the staffing levels. During the current year, there were approximately 30 adjustments to the Township's general ledger after the audit started on April 9. For virtually all of these adjustments, Township personnel were able to investigate the potential misstatement and write the necessary journal entry adjustment without any help from the auditors. This clearly demonstrates their high level of expertise. Our concern, however, is that preparing for the year-end audit is becoming such a hectic process that errors might be made and not caught.

Context - During 2006, the Township identified that it had not capitalized water meters during the prior two years. The Township investigated and corrected the records in 2006. Also during the 2006 audit, we identified that the water and sewer customer receivables subsidiary ledger did not agree with the general ledger by approximately \$200,000, and the difference had not been identified and investigated. Based on our concerns, the Township investigated and determined that the problem originated in the old billing software that was replaced in April 2006. In May 2007, the Township has gone back and successfully reconciled each month since the new software was implemented. We believe that both of these instances represent symptoms of the difficulty of the year-end closing process.

Recommendation - The Township should evaluate the year-end general ledger closing process, and determine whether changes to the process may be helpful (such as partial closings made quarterly throughout the year, in order to reduce the year-end work), or if additional personnel may be necessary.

In addition to the above, we have identified additional matters that we would like to communicate as a result of our audit. These matters are not considered to be significant deficiencies or material weaknesses.

Fund Deficits

As of December 31, 2006, the Township's Grant Fund has an accumulated deficit of approximately \$13,900. As a reminder, the State will require a deficit elimination plan to be filed.

Changes in the Audit Process for Next Year

The calendar 2007 audit will represent a significant change as a result of recent auditing standards. The new standards are being called the "risk assessment" standards, and will require auditors to spend significant time gaining an understanding and assessing both the design and operation of internal controls. In short, these new standards require auditors to obtain a deeper understanding of all three aspects of financial-related internal controls:

- The general ledger accumulation process
- Information technology system general controls
- Control procedures

The standards dictate the following procedures related to these aspects of internal control:

- Obtain a deeper understanding of the design and operation
- Assess the effectiveness of internal control ("give it a grade")
- Document why the assessment is appropriate (corroborating evidence)
- Consider what could go wrong in the financial statement process

In addition, the calendar 2007 audit will result in a new communication formerly used primarily for audit committees. This communication will call for us to communicate to the governing body (or equivalent audit oversight committee) several detailed aspects of the audit process that you may find useful in your oversight of the Township's financial management. We look forward to working through these audit process changes with you, and would be glad to discuss the details with you at greater length.

This communication is intended solely for the information and use of management and the Township board and is not intended to be and should not be used by anyone other than these specified parties.

June 6, 2007

We would like to thank you and your staff again this year for the cooperation and assistance that they provided during the audit. If you have any questions, or would like to discuss these items further, please feel free to contact us at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Joseph C. Heffernan". The signature is written in a cursive style with a large, stylized 'J' and 'H'.

Joseph C. Heffernan

A handwritten signature in black ink that reads "Brian J. Camiller". The signature is written in a cursive style with a large, stylized 'B' and 'C'.

Brian J. Camiller